

Dear Insurance and Real-Estate Committee:

Diversified Group Brokerage d/b/a Diversified Group, is a Third Party Administrator (TPA) for self-insured group health plans in the small and midsized market segments. Our corporate headquarters is located in Marlborough, CT. We have doing business in Connecticut since 1967. We employ 65 people. The majority of our customers are Connecticut based self-insured employers. We are also a self-funded employer with employees in Connecticut.

We, as an employer and a TPA, are strongly opposed Section 5 of the Raised Bill 479 both as a TPA and as a self-funded employer in this state. This proposed regulation would, at a minimum, increase the minimum stop-loss deductible (attachment point per individual) to \$45,000. Currently the state minimum is \$6,500. This change is a 7 fold increase over the current regulation which would be financially devastating to small business. Our customers are aware of the burden this bill attempts to put on their health plans and they are also opposed.

As indicated above, Diversified Group is a small self-insured employer operating in the State of Connecticut. We have made all required ACA changes to our plan on time, just like all of our clients. We have self-insured our health plan for the last 30 years. Over the last 3 years, we have not increased our employees out-of-pocket deductibles or coinsurance. Further, during our 2014 open enrollment, we were able to take this positive development a step further and <u>lower</u> how much money our plan members have to pay to be on the plan. This leaves them with greater take home pay. This is a very positive and unusual outcome in these days of increasing health plan costs. It clearly shows the value of self-funding for small and mid-sized groups like Diversified Group and would not be possible if we were not self-funded.

26 States in the US have some form of stop-loss regulation and Connecticut is currently one of them. While we prefer that the state allow the stop-loss markets to self-regulate what is sold in the market, we are comfortable with Connecticut's current stop-loss regulations.

If this raised bill passes with Section 5 included, Connecticut will then have the most aggressive stop-loss legislation in the Country. Connecticut would then be looked at as a negative outlier on this issue which is clearly unfriendly to small business.

This bill brings forth the following issues:

- Small Business Issue It is hard enough for employers to provide benefits to their employees. This bill would make it even more difficult for small business in this state to provide top notch affordable health care to their employees by removing a solid option that these employers have been using since the passage of ERISA in 1974.
- SB 479 may drastically change health insurance coverage for small and mid-sized employers in this state.
- Businesses will be required to pay more medical claims before being covered by stop-loss coverage.
- This will increase premiums for employers and employees and limit options.



We respectfully request that Section 5 of the Raised Bill 479 regarding the regulation of stoploss be removed and we keep the minimum stop-loss at the current state minimum.

Sincerely,

Brooks Goodison

President